

MEMORANDUM

MARCH 15, 1979

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT J. RYAN, DIRECTOR

SUBJECT: OLD CITY HALL REFINANCING

In 1970, the Authority acquired the Old City Hall from the City of Boston. The BRA then leased the property to Old City Hall Landmark Corporation (OCH) which in turn mortgaged its leasehold to the New England Merchants National Bank for \$450,000. The leasehold to the City Hall Landmark Corporation was also subject to a Fee Mortgage to six local banks in the amount of \$2,000,000.00.

Under the terms of the lease from the BRA to OCH, the Fee Mortgagees, in the event of a default by OCH under the lease, could step in and require that a new lease be given to them under the same terms. The Leasehold Mortgagee, New England Merchants, had other default remedies, but not that remedy.

Old City Hall Landmark Corporation now wishes to enter into a new financing arrangement, whereby the General Electric Credit Corporation (GECC) would issue a new leasehold mortgage for \$2,463,467.03, discharging the Merchants' leasehold mortgage and "wrapping around" the Fee Mortgage. Under this arrangement, the OCH would make one periodic payment to GECC, which would then forward the amount due to the Fee Mortgagee. Since the right to refinance is restricted under the lease, GECC will not make the loan without the consent of the BRA to certain aspects of the arrangement.

Under Section 9 of the lease, the OCH may refinance only if the proceeds will be used within the City of Boston, only if the new debt is for a term within the lease term, and only if the new debt is secured solely by the Old City Hall Property. These provisions appear to be complied with under the arrangement contemplated here. Additionally, however, GECC wants the same rights in the event of default that the Fee Mortgagees have to a new lease in the event of a default. GECC is afraid of a situation involving a non-curable default, such as a violation of the anti-discrimination provisions, where the BRA could simply terminate and cut off GECC. In effect, the BRA would be giving the right to take over the property to a new Bank in addition to the six Fee Mortgagees in the event of a default. This does give away something, but as a practical matter it probably isn't much. The Fee Mortgagees have all consented to the arrangement.

The effect of the new mortgage is that the property would be encumbered by about the same loan amount of \$2,500,000 as it was initially. The encumbrance on the fee itself is about \$1,700,000, down from \$2,000,000, and the remainder is an encumbrance on the lease only. In the form attached, which has been approved by the Chief General Counsel, I recommend that execution of the Consent and Agreement form be approved. An appropriate form of Vote follows.

VOTED: That the Director is hereby authorized on behalf of the BRA to execute a Consent and Agreement form, which will permit the Old City Hall Landmark Corporation to enter into a Wrap Around mortgage loan with the General Electric Credit Corporation in an amount not to exceed \$2,500,000 in accordance with the lease between the BRA and the Old City Hall Landmark Corporation dated June 11, 1970, which Consent and Agreement shall be substantially in the form submitted to the Board at this meeting.

#14

CONSENT AND AGREEMENT

The Boston Redevelopment Authority, a body politic and corporate duly organized and existing under the provisions of Chapter 121B of the General Laws of the Commonwealth of Massachusetts, with an address at City Hall, City Hall Square, Boston, Massachusetts (herein called the BRA) is entering into this Consent and Agreement in order to induce General Electric Credit Corporation, a New York corporation (herein called the Mortgagee) having an address at 7101 Wisconsin Avenue, Bethesda, Maryland 20014, to grant a wrap around mortgage loan in the principal amount not to exceed \$2,463,467.21 (the Loan) to the Old City Hall Landmark Corporation, a Delaware corporation (herein called the Lessee), having an address at 45 School Street, Boston, Massachusetts 02109. The Loan will be secured by a first mortgage and security agreement (herein called the Mortgage) on (i) a leasehold estate (herein called the Leasehold Estate) created by a lease agreement, dated June 11, 1970, from the BRA, as lessor, to the Lessee, as lessee (hereinafter called the Lease), which lease is recorded with the Suffolk County Registry of Deeds in Book 8373, Page 24, and (ii) the buildings and other improvements and personal property located on the premises demised pursuant to the Lease.

Now therefore, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and to induce the Mortgagee to grant the Loan to the Lessee, the BRA agrees and certifies as follows:

The BRA consents to the Mortgage, and any other instrument given to secure the Note, and agrees that the Mortgage is a permitted mortgage under the provisions of the Lease. The BRA hereby agrees that the Mortgagee and the Mortgage shall have all rights granted to any other mortgagee (including the mortgagee which is defined as "Mortgagee" in the Lease) under the Lease including but not limited to, paragraphs 9 and 19 of the Lease.

In witness whereof, the BRA has caused this Agreement to be executed under seal by its authorized officers as of this _____ day of _____, 1979.

BOSTON REDEVELOPMENT AUTHORITY

By _____

Attest:

By _____

Approved as to form:

By _____
Chief General Counsel